

Message Text

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ACTION L-03

INFO OCT-01 EUR-12 EA-10 NEA-10 ISO-00 OES-09 SS-15
ACDA-12 CIAE-00 INR-10 IO-13 NSAE-00 NSC-05 EB-08
NRC-05 SOE-02 DODE-00 DOE-15 SP-02 CEQ-01 /133 W
-----119680 281027Z /11

P R 280814Z JUL 78
FM AMEMBASSY CANBERRA
TO SECSTATE WASHDC PRIORITY 3925
INFO AMEMBASSY TOKYO
AMEMBASSY SEOUL
AMEMBASSY MANILA
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY THE HAGUE
AMEMBASSY ROME
AMEMBASSY OTTAWA
AMEMBASSY TEHRAN
AMEMBASSY VIENNA

C O N F I D E N T I A L SECTION 1 OF 2 CANBERRA 5972

USIAEA

E.O. 11652: GDS
TAGS: MNUC, ENRG, TECH, AS
SUBJECT: NUCLEAR ISSUES: MULTINATIONAL STUDY OF REPROCESSING;
US URANIUM SALES TO JAPAN; AUSTRALIAN BILATERAL AGREEMENTS

REFS: (A) CANBERRA 5763
(B) STATE 185938

1. SUMMARY. GOA ACCEPTS REVISED US TEXT FOR INTERIM
BILATERAL SAFEGUARDS/COOPERATION AGREEMENT BUT WE WON'T
BE ABLE TO SIGN IT UNTIL AUGUST 4TH. IT BELIEVES EARLY
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AGREEMENT ON A MULTINATION STUDY OF REPROCESSING IS
"QUITE IMPORTANT" -- BEFORE SEPTEMBER. ITS NEGOTIATIONS
WITH THE UK, FRANCE, AND EURATOM HAVE TEMPORARILY "FROZEN
OVER." AND IT REMAINS CONCERNED ABOUT REPORTS OF SUB-
STANTIAL US URANIUM SALES TO JAPAN. END SUMMARY.

2. GOA WAS VERY PLEASED WITH WASHINGTON'S SPEEDY

RESPONSE ON THE INTERIM BILATERAL BETWEEN US AND AUSTRALIA, ACCEPTS OUR PROPOSED REVISIONS, AND IS NOW EMBARRASSED AT BEING UNABLE TO PRODUCE THE REQUISITE MINISTERIAL BODIES (NOT "APPROVALS", FOR THOSE HAVE BEEN SECURED) BEFORE NEXT FRIDAY. ESSENTIAL PROBLEM IS THAT ENTIRE GOA CABINET IS IN PERTH FOR A CONSTITUTIONAL CONVENTION, THUS DELAYING FORMAL APPROVAL OF THE AGREEMENT BY THE "EXECUTIVE COUNCIL" WHICH IS LEGALLY REQUIRED BEFORE THE DOCUMENTS CAN BE SIGNED. PRESENT PLAN IS FOR AMBASSADOR TO SIGN US NOTE ON AUGUST 4TH WITH FOREIGN MINISTER PEACOCK SIGNING THE REPLY ON AUGUST 7TH. GOA APPRECIATES EFFORT BY DEPARTMENT TO SECURE QUICK US APPROVALS AND REGRETS DELAYS IN SIGNING CAUSED BY AUSTRALIAN COMPLICATIONS.

3. FERNANDEZ DEPARTED THIS MORNING TO JOIN DEPUTY PRIME MINISTER ANTHONY FOR BILATERALS WITH IRANIANS, FILIPINOS, KOREANS AND JAPANESE (REF A) BUT BEFORE LEAVING GAVE EMBOFF FULL READ-OUT ON BREAKDOWN OF AUSTRALIAN NEGOTIATIONS WITH BRITISH. PROBLEM WAS A SIMPLE ONE -- THE INABILITY OF THE UK TO SECURE EUROPEAN COMMISSION APPROVAL FOR AN AGREEMENT WITH AUSTRALIA WHICH GAVE THE LATTER "VETO" OVER RETRANSFER RIGHTS. COMMISSION'S VIEW IS THAT SUCH WOULD VIOLATE THE "FREE MOVEMENT OF GOODS AMONG MEMBERS OF THE EUROPEAN COMMUNITY" DOGMA. THE COMMISSION HAS NOW CONFIDENTIAL

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DISBANDED FOR THE MONTH OF AUGUST, SO THE AUSTRALIANS HAVE "REGRETTED" AND BRITISH MINISTER ANTHONY BENN HAS CUT LOOSE WITH A WITHERING BLAST AGAINST THE EC.

4. THE GOA'S AGREEMENT WITH THE UK WOULD HAVE BEEN AN "INTERIM" ONE, INCORPORATING LANGUAGE PROVIDING FOR "SUSPENSION" BY "APPROPRIATE CLAUSES" OF A YET-TO-BE-NEGOTIATED AGREEMENT BETWEEN AUSTRALIA AND EURATOM. THE KEY CLAUSES WERE THOSE REQUIRING AUSTRALIAN CONSENT BEFORE ITS URANIUM COULD BE TRANSFERRED FROM THE UK TO THIRD COUNTRIES, AUSTRALIA'S INSISTENCE UPON WAITING UNTIL THERE IS MULTINATIONAL AGREEMENT ON REPROCESSING BEFORE COMMITTING ITSELF (THIS WAS NON-CONTENTIOUS WITH THE UK), AND USE OF "MOST FAVORED NATION" LANGUAGE WITH RESPECT TO THESE TWO KEY ISSUES (ALSO NON-CONTENTIOUS).

5. DOUG ANTHONY (DEPUTY PRIME MINISTER AND MINISTER FOR TRADE AND RESOURCES) USED THE BREAKDOWN OF THE TALKS WITH THE UK TO REPEAT AUSTRALIA'S COMMITMENT TO THE CONCEPT OF "MULTINATIONALITY" FOR ENRICHMENT -- A PUBLIC COMMITMENT THE GOA HAS NOW MADE TWICE (ONCE IN HELSINKI,

ONCE IN LONDON) TO WIDESPREAD PUBLICITY HERE IN AUSTRALIA. IF A SUITABLE OPPORTUNITY PRESENTS ITSELF, EMBASSY RECOMMENDS THE US TAKE PUBLIC NOTE OF THIS FACT.

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6. REGARDING THE "MULTINATIONAL STUDY OF REPROCESSING", BOTH FERNANDEZ AND WALKER (WHO IS ACTING FOR FERNANDEZ IN LATTER'S ABSENCE) MADE A SPECIAL POINT OF ELABORATING GOA CONCERNS RE PARA 3 OF REF B. "THE GOA HOPES THIS ISN'T THE EXTENT OF US INTEREST IN THE IDEA (OF A MULTINATIONAL STUDY)." WALKER SAID IT WAS QUITE CLEAR TO THE GOA FROM THEIR DISCUSSIONS WITH THE FRENCH THAT THE LATTER BELIEVED "A SERIES OF BILATERAL AGREEMENTS" WOULD BE A BETTER WAY TO DEAL WITH THE REPROCESSING ISSUE. THE GOA SEES THIS AS NOTHING LESS THAN AN OUT-AND-OUT EFFORT ON THE PART OF THE FRENCH TO KNOCK THE AUSTRALIANS, CANADIANS, CONFIDENTIAL

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US AND OTHER SUPPLIERS APART BY PICKING THEM OFF ONE AT A TIME OR PLAYING THEM OFF AGAINST EACH OTHER. THE GOA BELIEVES IT IS QUITE CLEAR FROM ITS NEGOTIATING EXPERIENCE THUS FAR THAT BY 1980 THE SUPPLIERS WILL HAVE HAD TO ESTABLISH GROUND RULES FOR REPROCESSING; IT BELIEVES THE USG SHARES THIS CONCLUSION AS WELL. THE GOA IS CONVINCED THAT WHEN ITS BILATERAL DISCUSSIONS WITH THE BRITISH, FRENCH, AND EURATOM RESUME IN SEPTEMBER, IT (THE GOA) WILL HAVE TO TAKE A STAND ON REPROCESSING, AND IT WOULD LIKE SOME ASSURANCE THAT IT HAS THE US AND CANADA BEHIND IT IF IT PUSHES FOR A MULTINATIONAL STUDY LEADING TO A CONSENSUS IN INFCE. IF IT CANNOT DO THIS, WITH SOME CERTAINTY ABOUT US AND CANADIAN SUPPORT, IT WILL ALMOST CERTAINLY FIND ITSELF HAVING TO TALK TO THE EUROPEANS IN TERMS WHICH WILL SET THE PRECEDENT FOR WHAT IT AGREES TO WITH OTHERS. THE GOA DOES NOT WANT TO END UP WITH AGREEMENTS LIKE THE CANADIAN-EURATOM AGREEMENT WHICH SIMPLY CALL FOR "CONSULTATION" BEFORE REPROCESSING; THE GOA IS PUBLICLY AND FIRMLY COMMITTED TO NOT MAKING ANY DECISIONS ON REPROCESSING UNTIL AFTER INTERNATIONAL CONSENSUS HAS BEEN ACHIEVED.

7. FERNANDEZ AND WALKER INDICATED THAT THE FRENCH, CURIOUSLY ENOUGH, WERE QUITE PREPARED TO ACCEPT THE LANGUAGE THE AUSTRALIANS PROPOSED FOR THEIR INTERIM AGREEMENT WITH THE BRITISH. ASKED WHETHER THE GOA BELIEVED IT WOULD ENCOUNTER THE SAME RESISTANCE FROM THE EC THE BRITISH RAN UP AGAINST, THE FRENCH DELEGATION TALKED A TOUGH LINE -- "IF FRANCE REACHES AN AGREEMENT WHICH IT NEEDS AND IS IN ITS NATIONAL INTEREST, IT WILL SIGN THAT AGREEMENT." WALKER NOTED, HOWEVER, THAT THE FRENCH DELEGATION CONSISTED MAINLY OF FRENCH AEC OFFICIALS RATHER THAN QUAI D'ORSAY TYPES WHO TEND A BIT MORE TOWARD ACCEPTING THE

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"REALITIES OF EC POLITICS."

8. FINALLY, WALKER SEPARATELY TOLD EMBOFF THAT THE GOA CONTINUED TO BE CONCERNED BY REPORTS IT KEPT HEARING ABOUT PENDING SUBSTANTIAL SALES OF US URANIUM TO JAPAN -- AND WANTED ITS CONCERN, WHICH WAS "SHARED BY THE PRIME MINISTER," REGISTERED WITH THE USG. IT REALIZES THAT IT DOESN'T HAVE A GREAT DEAL OF LEVERAGE HERE AND THAT THE US IS LIKELY TO DO WHAT SUITS IT BEST, BUT IT WANTS US TO KNOW THAT THE ABSENCE OF A SUBSTANTIAL JAPANESE MARKET FOR AUSTRALIAN URANIUM WILL BE BOTH A DISINCENTIVE TO

AUSTRALIAN PRODUCERS TO GET GOING ON DEVELOPMENT OF AUSTRALIA'S RESERVES AS WELL AS NOURISH THOSE OPPONENTS OF URANIUM HERE WHO ARGUE THAT THERE IS NO NEED TO DO SO. WE REPLIED THAT THE BEST WAY FOR AUSTRALIA TO GARNER A SHARE OF THE JAPANESE MARKET WAS FOR AUSTRALIA TO GET CRACKING ON DEVELOPMENT OF ITS RESOURCES -- A POINT DFA UNCOMFORTABLY ACKNOWLEDGED -- BUT SAID WE WOULD REPORT THEIR CONCERN TO WASHINGTON.

9. ACTION REQUESTED: ELABORATION ON USG VIEWS ABOUT THE MERTIS OF THE MULTINATIONAL STUDY OF REPROCESSING WHICH WILL DAL WITH AUSTRALIAN CONCERNS IN PARA 6 ABOVE, AND CONSIDERATION TO SOME EXPRESSION OF APPRECIATION FOR (OR ACKNOWLEDGEMENT OF) GOA'S PUBLICLY STATED SUPPORT FOR THE CONCPET OF MULTINATIONAL CONTROL OF ENRIVHMENT/REPORCESSING FACILITIES.
ALSTON

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